

STATE OF VERMONT
PUBLIC SERVICE BOARD

EEU-2011-06

In re: Guidance to EEU Fiscal Agent)

Order entered: 11/17/2011

ORDER INITIATING WORKSHOP PROCESS AND NOTICE OF WORKSHOP

I. INTRODUCTION

The Energy Efficiency Utility Fund ("EEU Fund") includes revenues from several sources. The most significant of these sources are the Energy Efficiency Charge ("EEC"), which funds electric energy efficiency services, and revenues from the Forward Capacity Market ("FCM") and the Regional Greenhouse Gas Initiative ("RGGI") auction proceeds, which fund heating-and-process-fuel efficiency services.¹ The Public Service Board ("Board") has directed the EEU Fiscal Agent (currently Batchelder Associates, PC) to track the EEU Fund's electric and heating-and-process-fuel revenues and expenditures separately; the EEU Fiscal Agent provides the Board with monthly reports that show, among other items, this breakdown.

The Board's contract with the EEU Fiscal Agent includes the following guidance regarding disbursements from the EEU Fund:

When cash is not sufficient to meet requests for disbursements, Batchelder shall issue pro-rata payments. In such case, Batchelder shall contact the payee within 10 working days of Batchelder's receipt of the approved invoice, and explain the payment arrangements. No expenditures shall be paid for process and heating fuel energy efficiency services unless there is a positive net balance in the [FCM] revenue and [RGGI] auction proceeds portions of the EEU Fund. When the balance in the ISO-NE FCM revenue and RGGI auction proceeds are not sufficient to meet requests for disbursements for process and heating fuel energy efficiency services, Batchelder shall issue partial payments.²

1. Other sources include the Green Mountain Power Efficiency Fund and interest earned on the EEU Fund.

2. Excerpt from paragraph 2.E.iii of Attachment A to Amendment 1 of the Board's contract with Batchelder Associates, PC to serve as the EEU Fund Fiscal Agent from January 1, 2010, through December 31, 2011.

The contract does not include any limitations on payments for electric efficiency services, other than the overall limitation on cash in the EEU Fund. In practice, this has meant that when invoices for electric efficiency services have outpaced Energy Efficiency Charge collections, FCM and RGGI revenues have been "borrowed" to pay invoices for electric efficiency services in full.

Earlier this fall, the independent auditor of the EEU Fund recommended that the Board closely monitor this practice to ensure that sufficient funds are available to pay heating-and-process-fuel and other obligations when they are due. The auditor also recommended that the Board consider setting guidelines and/or thresholds to ensure that a minimum cash balance is maintained, and noted that such guidelines might necessitate some limits on electric efficiency spending if it exceeded EEC collections to date.

We are opening this workshop process to investigate whether such guidelines and/or thresholds should be established, and if so, what they should be. We direct Ann Bishop of the Board's staff to conduct such proceedings as may be necessary to make a recommendation to us on these issues.

II. NOTICE OF WORKSHOP

On November 30, 2011, commencing at 9:30 a.m., Ann Bishop, Chief Economist, will conduct a workshop in this matter in the Board's Third Floor Hearing Room, People's United Bank Building, 112 State Street, Montpelier. All interested persons are welcome at the workshop. The workshop will be recorded by a Court Reporter.

SO ORDERED.

Dated at Montpelier, Vermont, this 17th day of November, 2011.

<u>s/ James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/ David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/ John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: November 17, 2011

ATTEST: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)